

WHAT'S NEW FOR LOUISIANA 2017 INDIVIDUAL INCOME TAX?

2015 Legislation Recovery – Acts 109 and 125 of the 2015 Regular Legislative Session reduced certain income tax credits. Section 3(C) of Act 109 and Section 7 of Act 125 allow a recovery of the credit amount reduced by the Acts if your 2014 return was filed after July 1, 2015, but before November 16, 2015, for which an extension was requested prior to May 15, 2015. The “2015 Legislation Recovery” box was added to the face of the return for taxpayers to indicate they are claiming the recovery amounts. You must attach Form R-6410, 2015 Legislation Recovery Worksheet, to your return. See Revenue Information Bulletin 17-018 for more information.

Act 400 of the 2017 Regular Legislative Session removes the June 30, 2018 sunset provision to make permanent the reductions to certain income tax credits by Act 125 of the 2015 Regular Legislative Session. Act 400 also rounds certain credit values from percentages to whole numbers. See instructions for each credit for specific changes and Revenue Information Bulletin 15-021 as revised.

Federal Income Tax Deduction – Line 9 – A new box was added to the line. Mark an “X” in box 1 if your federal tax deduction has been increased by the amount of foreign tax credit claimed on Federal Form 1040, Line 48. Mark an “X” in box 2 if your federal tax deduction has been increased by federal disaster relief credits on Schedule H.

Education Credit – Act 375 of the 2017 Regular Legislative Session sunsets the credit. The credit is no longer available to be claimed on the 2017 tax return and thus, has been removed. (R.S. 47:297(D))

SCHEDULE C – NONREFUNDABLE PRIORITY 1 CREDITS

Credit for Certain Federal Credits – Line 4 – The credit was reduced to 7 percent of certain federal credits, limited to \$18, by Act 400 of the 2017 Regular Legislative Session. (R.S. 47:297(B))

Education Credit – Code 099 – Use this credit code to report one-third of the education credit reduced on your 2014 return. Attach Form R-6410, 2015 Legislation Recovery Worksheet, to your return. See instructions and Revenue Information Bulletin 17-018 for more information.

Premium Tax – Code 100 – R.S. 47:227 provides a credit for premium taxes paid during the preceding 12 months by an insurance company authorized to do business in Louisiana. Acts 400 and 403 of the 2017 Regular Legislative Session increased the credit from 72 percent of the premium taxes paid to 100 percent of the premium taxes paid. (R.S. 47:227)

Small Town Doctor/Dentist – Code 115 – Act 342 of the 2017 Regular Legislative Session imposed a \$1.5 million per calendar year credit cap on credits claimed on or after January 1, 2018. (R.S. 47:297(H))

SCHEDULE D – DONATION OF REFUND

Louisiana Pet Overpopulation Advisory Council – Line 7 – Act 422 of the 2017 Regular Legislative Session renamed the fund from Louisiana Animal Welfare Commission to the Louisiana Pet Overpopulation Advisory Council. (R.S. 47:120.71)

SCHEDULE E – ADJUSTMENTS TO INCOME

S Bank Shareholder Income Exclusion – Code 22E – A new code has been provided to report the S Bank Shareholder Income Exclusion instead of using Code 49E. (R.S. 47:297.3)

SCHEDULE F – REFUNDABLE PRIORITY 2 CREDITS

Ad Valorem Offshore Vessels – Code 52F – Act 418 of the 2017 Regular Legislative Session removed the limitation on claiming the tax credit when the ad valorem tax is paid under protest. Taxpayers who pay the ad valorem tax under protest are now required to notify LDR within five business days of the date that the lawsuit is filed. (R.S. 47:6006.1)

Historic Residential – Code 60F – Act 400 of the 2017 Regular Legislative Session changed the percentage of the credit based on when the application for the credit was first filed. (R.S. 47:297.6)

School Readiness Child Care Directors and Staff – Code 66F – The credit is for eligible child care directors and eligible child care staff based on certain attained qualifications. The amount of the credit is adjusted each year if there is an increase in the Consumer Price Index Urban (CPI-U). The credit amount for 2017 can be found at www.revenue.louisiana.gov/SchoolReadiness. For more information regarding this credit, contact the Louisiana Department of Education (LDE). (R.S. 47:6106)

Alternative Fuel Credit – Code 71F – Acts 325 and 403 of the 2017 Regular Legislative Session made several changes to the credit. (R.S. 47:6035) See Revenue Information Bulletin 17-016 for details of the changes including the calculation as explained below.

Credit for the purchase of a qualifying new vehicle:

- If purchased prior to June 22, 2017, the credit is 36 percent of the cost of the qualified clean-burning motor vehicle fuel property that is installed. If the taxpayer is unable to determine the exact cost attributable to the qualified clean-burning property, the credit is equal to 7.2 percent of the cost of the vehicle or \$1,500, whichever is less.
- If purchased on or after June 22, 2017 but before June 26, 2017, the credit is equal to 7.2 percent of the cost of the qualified vehicle or \$1,500, whichever is less.
- If purchased on or after June 26, 2017, the credit is equal to 10 percent of the cost of the qualified vehicle or \$2,500, whichever is less.

Credit for vehicle conversions or building of fueling stations: If the purchase and installation was completed prior to June 22, 2017, the credit is 36 percent of the cost of the qualified clean-burning motor vehicle fuel property. If it was completed after June 21, 2017, the credit is 30 percent.

Angel Investor – The five-year period to claim the refundable Angel Investor credit for third party investments made in certified Louisiana entrepreneurial businesses between January 1, 2005, and December 31, 2009 has ended. The credit is no longer available to be claimed on the 2017 tax return and thus, has been removed. (R.S. 47:6020)

SCHEDULE I – REFUNDABLE PRIORITY 4 CREDITS

Inventory Tax Credit and Ad Valorem Natural Gas – Codes 50F and 51F – Act 338 of the 2017 Regular Legislative Session amends the definition of “inventory” to include any item of tangible personal property owned by a retailer that is available for short-term rental that will subsequently or ultimately be sold by a retailer. The term “short-term rental” is defined as a rental of an item of tangible personal property for a period of less than 365 days, for an undefined period, or under an open-ended agreement. Act 385 of the 2017 Regular Legislative Session requires taxpayers that are included on the same consolidated federal income return to combine their inventory taxes paid in order to determine the amount of the excess credit that is refundable. Taxpayers that are affiliated or related outside of a consolidated group are no longer required to combine their inventory taxes paid in order to determine the amount of the excess credit that is refundable. See Form R-10610 for the 2017 tax year and Revenue Information Bulletin 17-017 for more information. (R.S. 47:6006)

SCHEDULE J – NONREFUNDABLE PRIORITY 3 CREDITS

Child Care Credit Carried Forward From 2013 through 2016 – Line 3 – The child care tax credit for taxpayers whose federal adjusted gross income exceeds \$25,000 may not be refunded and any unused credit amounts can be used over the next four years. For the 2017 tax year, credits from 2013 through 2016 can be applied on Line 3. Any remaining child care credit from 2012 cannot be applied to the 2017 tax liability. (R.S. 47:297.4)

School Readiness Credit Carried Forward From 2013 through 2016 – Line 5 – The school readiness credit for taxpayers whose federal adjusted gross income exceeds \$25,000 may not be refunded and any unused credit amounts can be used over the next four years. For the 2017 tax year, credits from 2013 through 2016 can be applied on Line 5. Any remaining credit from 2012 cannot be applied to the 2017 tax liability. (R.S. 47:6104)

Recycling Credit – Code 210 – The credit was reduced to 14 percent of the qualifying costs by Act 400 of the 2017 Regular Legislative Session. (R.S. 47:6005)

Motion Picture Investment and Infrastructure Credits – Codes 251 and 261 – Act 309 of the 2017 Regular Legislative Session makes permanent the \$180 million per fiscal year credit cap originally established by Act 134 of the 2015 Regular Session of the Louisiana Legislature. See Revenue Information Bulletin 17-019 and www.revenue.louisiana.gov/CreditCaps for more information.

Motion Picture Employment of Resident – Code 256 – Act 323 of the 2017 Regular Legislative Session repealed this credit. The credit is no longer available to be claimed on the 2017 return and thus, has been removed.

VISIT THESE LDR WEBSITES:

- www.revenue.louisiana.gov/taxforms for forms and instructions.
- www.revenue.louisiana.gov/individuals for tax information.
- www.revenue.louisiana.gov/fileonline for free filing options.
- www.revenue.louisiana.gov/latap for free payment options.